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**MEMORANDUM**

**TO:** Mayor Lovell and City Council  
**FROM:** Kevin L. Sutherland, City Administrator  
**DATE:** April 8, 2019  
**RE:** **Administrative Update**

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**FY20 Budget Items**

Several budget questions were asked this past week that I'd like to check in on:

Q: *What's an Enterprise Fund?*

A: Enterprise Funds are a type of proprietary fund, which charges customers directly for the services it provides. Enterprise/proprietary funds are supposed to be self-sufficient, in that the service charges generally cover the cost of operations over time. For this reason, they are reported using full accrual accounting in the financial statements each year and are completely separate from the City's General Fund.

There is more detailed explanation of enterprise/proprietary funds on pages 30, 34, and 53 of the [2018 CAFR](#).

Q: *What's the useful life of RAD 32 – Garage Fabrication Equipment?*

A: 25 to 30 years

These and previously asked question can be found on the [Budget Questions and Answers](#) website

In addition, supporting documentation related to questions asked of Councilors during last weeks meeting can be found on the [budget materials](#) page of the website. Typically this information will be found under the Phase 4: Budget Deliberation and Public Participation Section and under the date the request was made by Councilors.

For example, last week a Councilor asked about the creation of the Facilities Manager and the expectation that this position could find enough savings to cover the cost of the position. Included [HERE](#) is a list of examples from the past year.

Lastly, as we continue to make updates to the budget, our Finance Director is adding the information in memo format (see Phase 3: Budget Presentation) and further updating the Mill Rate Calculator for Council consideration at the end of the process because at this stage, the recommended budget is the budget that has been submitted. Any further changes/amendments are a majority vote of the Council.

**FY19 Items**

**Recycling Inspections**

Six Public Works employees were trained last week by EcoMaine staff as to what to look for that is affecting our contamination rates and fees at their facility. This week, April 8th – 12th, our employees will be inspecting every household’s curbside container for items that should not be in the recycling bin. A supervisor will be monitoring their tagging protocols throughout each day to ensure we are not being “too picky” or “too lenient”. DPW Staff recognizes there is a fine line between increasing awareness/compliance, and making a large number of our residents very upset.

After our first day of inspection, 131 containers were tagged.

	1	2	3	4	5	6	7	8	9
Offense	Trash	Food/ Liquids	Cord/ Hangers	Yard Waste	Plastic Bags	Clothes	Large Item	Construction Debris	Other
	25	11	6	8	47	4	14	0	16

In case there are residents wondering “Now what am I supposed to do?”:

- The City checked a box on the tag telling you why your recycling container was not picked up.
- You may remove the items that are not recyclable and dispose of those properly, and the remainder of your recycling will be collected next week.
- If you do not have room in your recycling or trash container due to being tagged this week, you may bring a bagged trash, or properly sorted recycling items to the transfer

station for disposal (Tues-Sat 8am-3:45pm). Household bagged trash will cost \$3 per bag for disposal.

- Public Works will be continuing random inspections until the current contamination rates (15%) and costs (\$6,000/month) drop to acceptable levels.
- The City is tracking addresses that have repeated contamination issues and will increase outreach and inspection with those individuals until acceptable levels are met.
- This is not an issue or a tagging process that is unique to Saco. It is happening regionally and across the country due to changes in the worldwide recycling market and the amount of trash that was being shipped to other countries from the US recycling programs.

Thank you for the support we've gotten while we try to deal with these sudden market issues that developed over decades. We do not expect this will change everyone's behavior overnight but do believe the majority of our community will respect the efforts we're making to save the overall budget.

### **Public Works Crew Cab Replacement**

Our Director of Public Works mentioned the challenge related to the crew cab transport vehicle during the budget workshop last week. Since then, he's provided me the attached memo. The vehicle blew a head gasket – repairs that would total nearly \$13,000. This does not make good financial sense to repair for its three months of remaining useful life (as it is scheduled for replacement as part of the FY20 Capital Plan/Asset replacement). In this case, Administration would normally look to the emergency purchase exception in the purchasing policy (E. Regulations Governing Purchases (page 11 and 12)) to justify an approval and include the attached memo for Council review to meet policy requirements but as this is a lease purchase, the lease purchase will require Council approval. Our next Council meeting is not until April 29<sup>th</sup> and the dealer is willing to hold onto the crew cab until that meeting to confirm approval, so I will ask that this item be discussed during of the other budget workshops (and count it toward our typical practice of workshopping an item before it goes to vote) or the Council waives an additional workshop on this item and we'll bring all the appropriate information to the floor on the 29<sup>th</sup>.

### **Dog Park Expansion for Small Dogs**

Council is responsible for making decisions about the use of City property. Parks and Recreation has been working with Friends of the Dog Park to consider an extension of the existing park and create a "safe space" for smaller dogs. This enclosure would be a 30'x30' addition to the North end

of the current fenced area and would include a 5-foot sidewalk. The proposal is going before HPC on Wednesday April 10<sup>th</sup> and following their recommendation/approval, we will look to acquire Council approval on the 29<sup>th</sup> of April to get this in the ground in May. I've asked Ryan Sommer, Director of Parks and Recreation to bring this up after his budget presentation so that we can move it to the 29<sup>th</sup> for a vote.

### **Truck Wash Background and Status**

In 2017, the City allocated \$325,000 to partially fund an automated truck wash solution for the City's fleet. This was intended to supplement a regional partnership or other alternative funding source to secure the ability to adequately wash the City's diverse larger fleet, including the school busses. Following the budget allocation, preliminary research and cost estimates showed that a stand-alone regional wash facility would cost approximately \$1.2 M to build. There was not a lot of interest from surrounding communities to pay for constructing a facility in another community, nor did Saco wish to be driving to other communities on a weekly basis to wash our fleet.

In 2017 A. Duie Pyle begin discussions with the City regarding construction of a trucking facility. Through discussions the City learned that the company does build an automated truck wash bay into some of their facilities. They were considering one for this facility as well. City staff expressed an interest in pursuing a shared use agreement for the truck wash bay and expressed interest in possibly utilizing the \$325,000 allocated in the capital plan towards a long-term agreement that would reduce or eliminate the cost per wash for use of the facility. These conversations were intermittent over the following year and a half, and no cost has been arrived at to date.

During the span of time that has passed since the truck wash discussions started, the City has:

- asked the voters and received funding for a new Public Works Facility.
- Purchased land in the industrial Park.
- Acquired land access rights from an abutter along Spring Hill Road.
- Submitted a design and permitting package to Maine DEP for Industrial Park expansion and a new DPW Facility.
- Bid and entered into design/build DPW Facility construction contract.
- Received pricing of wash bay addition to new facility.

When the prospect of a shared wash bay facility was first discussed with Council, the anticipated cost of \$1.2M for a standalone facility was the driver behind partnering. With the construction of a new DPW facility, the cost of a dedicated wash bay drops to a \$215,000 addition to our new facility

project. While only partially automated, it will fit all the large fleet vehicles with attached gear and would be designed for the heavy grit removal necessary for a construction and winter plowing fleet. The City fleet that most resembles that of A. Duie Pyle's typical truck wash usage would be the 32 school busses. An agreement for the use of the automated wash bay for the bus fleet may be advantageous to the City and A. Duie Pyle, however the restrictions on the rest of the fleet make a commitment for the Public Works equipment more cost prohibitive. Discussions on the wash facility use agreement should be focused on a mutually beneficial agreement targeted at the fleet of 32 busses

This is another time sensitive item in which we would like Council direction. The \$325,000 for a shared wash bay currently resides in the Capital Plan as an earmarked project, but we'd ask Council for permission to move \$215,000 of this over to the PW Facility Project. As this is a project level discussion (not a movement from one department to another), it does not require a budget amendment, but because the intent of the resources has changed some (a shared approach to strictly part of our PW facility) and the dollar amount is so large, I would ask the Council to provide their input and vote on this matter at a future meeting. Timeline (to include as part of the building design) may require this to be voted on by the 29<sup>th</sup> as well.

### **Traffic Light at Flag Pond Rd through a BPI - Business Partnership Initiative**

We are looking forward to Hancock Lumber beginning construction soon, adding new development to the Route 1 - Cascade Road - Flag Pond area.

During the process of the land purchase, the City, Hancock Lumber and Maine Department of Transportation had initial conversations about the need for a traffic signal and intersection improvements at Flag Pond Road. Maine DOT brought to the City's attention the opportunity to apply for 3/way match funding in a program called Business Partnership Initiative (BPI). With Hancock's access/egress into their site aligned at the Flag Pond intersection - the BPI was clearly a great solution to improve traffic circulation in that location. The BPI partners are the City, MEDOT and Hancock Lumber.

The City has been notified it has received the funding from ME DOT, in the amount of up to \$160,000 toward an estimated project cost of \$480,000. The City's share of up to \$160,000 would come from the Park North TIF, and Hancock will be responsible for \$160,000 (or more if the project cost exceeds \$480,000). We have not budgeted for this as part of FY19 and we do not have policies in place to require Council approval to expend from the TIF (other than our purchasing policy), so for this year I'd like to make sure the Council is aware of and supports this use. To

strengthen the relationship of Council understanding and input for budgeted TIF expenditures, we've included expected expenditures as part of this year's budget process (and will going forward). The plans for FY20 will be reviewed with Council during the Planning and Development Budget presentation.

### **This Past Saturday**

Aside from today's snow and freezing rain, Saturday April 6<sup>th</sup> gave us all a glimpse of how a beautiful Spring day can awaken this community. The Fire Station held their annual open house, Young School hosted their BEARy fun day at Saco Middle School, and the Community Center sponsored the 8<sup>th</sup> annual Southern Maine Gearbots event. There were a lot of happy children at all three events and I think a few of them made it to all of them and I know a select few even stopped over to the Scoop for some ice cream afterwards! I want to thank all the staff and volunteers who participated to make it one of the busiest Saturday's Saco has seen. Hopefully it's a testament of what's to come.